

DOVER TOWNSHIP, LAKE COUNTY

LUTHER, MICHIGAN

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Dover Township</b>	County <b>Lake</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>5/10/04</b>	Date Accountant Report Submitted to State: <b>July 16, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

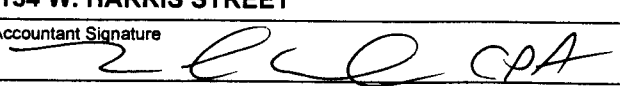
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>BAIRD, COTTER AND BISHOP, P.C.</b>			
Street Address <b>134 W. HARRIS STREET</b>	City <b>CADILLAC</b>	State <b>MI</b>	ZIP <b>49601</b>
Accountant Signature 		Date <b>7/14/04</b>	

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

MARCH 31, 2004

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# *Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

May 10, 2004

## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Dover Township  
Lake County  
Luther, Michigan

We have audited the accompanying general-purpose financial statements of Dover Township, Lake County, Luther, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and general fixed asset balances of Dover Township, Lake County, Luther, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid and changes in general fixed assets for the year then ended on the basis of accounting described in Note I.B.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP  
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>ASSETS</u>		
Cash		
Commercial Account	\$ 41,252	\$ 0
Certificates of Deposit	39,916	0
Taxes Receivable	3,644	0
Land and Land Improvements	0	0
Buildings and Improvements	0	0
Furniture and Fixtures	0	0
TOTAL ASSETS	\$ 84,812	\$ 0
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 3,644	\$ 0
Payroll Withholdings	90	0
Total Liabilities	\$ 3,734	\$ 0
<u>EQUITY</u>		
Investment in General Fixed Assets	\$ 0	\$ 0
Balance		
Unreserved	81,078	0
Total Equity	\$ 81,078	\$ 0
TOTAL LIABILITIES AND EQUITY	\$ 84,812	\$ 0

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE	ACCOUNT GROUP	TOTALS
AGENCY	GENERAL FIXED ASSETS	(MEMORANDUM ONLY)
\$ 7	\$ 0	\$ 41,259
0	0	39,916
0	0	3,644
0	13,796	13,796
0	29,727	29,727
0	4,333	4,333
<u>\$ 7</u>	<u>\$ 47,856</u>	<u>\$ 132,675</u>
\$ 0	\$ 0	\$ 3,644
0	0	90
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,734</u>
\$ 0	\$ 47,856	\$ 47,856
7	0	81,085
<u>\$ 7</u>	<u>\$ 47,856</u>	<u>\$ 128,941</u>
<u>\$ 7</u>	<u>\$ 47,856</u>	<u>\$ 132,675</u>



DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 10,867	\$ 16,379	\$ 27,246
State Grants	23,984	0	23,984
Charges for Service	700	0	700
Interest and Rents	2,388	0	2,388
Total Receipts	\$ 37,939	\$ 16,379	\$ 54,318
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 5,994	\$ 0	\$ 5,994
General Government			
Supervisor	4,000	0	4,000
Election	1,077	0	1,077
Assessor	3,742	0	3,742
Clerk	4,113	0	4,113
Board of Review	357	0	357
Treasurer	4,432	0	4,432
Building and Grounds	1,317	0	1,317
Cemetery	1,566	0	1,566
Public Safety	789	16,379	17,168
Public Works	1,718	0	1,718
Parks and Recreation	1,794	0	1,794
Other Functions	5,280	0	5,280
Total Disbursements	\$ 36,179	\$ 16,379	\$ 52,558
Excess of Receipts Over (Under) Disbursements	\$ 1,760	\$ 0	\$ 1,760
<u>BALANCE - April 1, 2003</u>	79,318	0	79,318
<u>BALANCE - March 31, 2004</u>	\$ 81,078	\$ 0	\$ 81,078

The accompanying notes are an integral part of these financial statements.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 22,000	\$ 10,867	\$ (11,133)
State Grants	18,000	23,984	5,984
Charges for Services	100	700	600
Interest and Rents	330	2,388	2,058
Total Receipts	\$ 40,430	\$ 37,939	\$ (2,491)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 13,850	\$ 5,994	\$ 7,856
General Government			
Supervisor	5,000	4,000	1,000
Election	1,500	1,077	423
Assessor	4,000	3,742	258
Clerk	5,000	4,113	887
Board of Review	1,200	357	843
Treasurer	5,000	4,432	568
Building and Grounds	4,500	1,317	3,183
Cemetery	6,000	1,566	4,434
Public Safety	800	789	11
Public Works	2,000	1,718	282
Parks and Recreation	5,000	1,794	3,206
Other Functions	6,850	5,280	1,570
Contingency	40,730	0	40,730
Total Disbursements	\$ 101,430	\$ 36,179	\$ 65,251
Excess of Receipts Over (Under) Disbursements	\$ (61,000)	\$ 1,760	\$ 62,760
<u>BALANCE</u> - April 1, 2003	61,000	\$ 79,318	18,318
<u>BALANCE</u> - March 31, 2004	\$ 0	\$ 81,078	\$ 81,078

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

SPECIAL REVENUE FUND

BUDGET		ACTUAL		VARIANCE- FAVORABLE (UNFAVORABLE)
\$	19,000	\$	16,379	\$ (2,621)
	0		0	0
	0		0	0
	0		0	0
<hr/>				
\$	19,000	\$	16,379	\$ (2,621)

\$	0	\$	0	\$	0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	19,000		16,379		2,621
	0		0		0
	0		0		0
	0		0		0
	0		0		0

\$	19,000	\$	16,379	\$	2,621
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\$	0	\$	0	\$	0
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	0		0		0
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\$	0	\$	0	\$	0
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DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Dover Township is a general law township located in Lake County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township has authorized the Township Treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States. This subdivision shall include securities issued or guaranteed by the government national mortgage association;
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union meeting all criteria as a depository of public funds contained in state law;
- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

- d. In United States government or federal agency obligation repurchase agreements;
  - e. In bankers' acceptances of United States banks;
  - f. In Mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan;
  - g. In obligations permitted by PA 20 of 1943, as amended by PA 196, if purchased through an interlocal agreement under the Urban Cooperation Act of 1967;
  - h. In investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982 or
  - i. In investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.
2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

4. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgetary Information**

The annual budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on April 10, 2003, or as amended from time to time during the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

**A. Deposits and Investments**

Of the Township's deposits in commercial accounts and certificates of deposit at year-end, \$82,469 was covered by Federal Depository Insurance, and none was uninsured and uncollateralized. At year-end, the carrying amount of the Township's deposits was \$81,175 and the bank balance was \$82,469.

The Township's carrying amount of deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Lake Osceola State Bank		
Luther, Michigan		
Commercial Account	\$ 41,252	\$ 7
Certificates of Deposit	12,008	0
Citizens Bank		
Cadillac, Michigan		
Certificates of Deposit	11,910	0
Fifth Third Bank		
Cadillac, Michigan		
Certificates of Deposit	15,998	0
 TOTAL	 \$ 81,168	 \$ 7

**B. Fixed Assets**

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land and Land Improvements	\$ 12,002	\$ 1,794	\$ 0	\$ 13,796
Buildings and Improvements	29,727	0	0	29,727
Furniture and Fixtures	4,333	0	0	4,333
	<hr/>			<hr/>
	\$ 46,062	\$ 1,794	\$ 0	\$ 47,856
	<hr/>			<hr/>



DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**C. Fire Fund (Exhibits B & C)**

Exhibits B & C show the transactions of the Township Fire Fund as they would have occurred if all fire monies received for current and delinquent taxes were sent to the Fire Fund before being sent to the Tustin Area Fire District. The payments are being sent to the Tustin Area Fire District directly from the Current Tax Fund and General Fund due to the substantial savings of time and bookkeeping procedures.

Also, there are no taxes receivable or deferred revenue reflected in the fire fund because the Township paid the fire district the entire amount of the 2003 tax levy and the Township therefore, will keep all delinquent tax paid off by the county.

**D. Joint Fire District**

The Township is a member of the Tustin Area Fire District. The Fire District is a joint venture of Burdell, Dover and Sherman Townships created to provide fire protection for the member townships. As stated in NOTE (IV.B), Dover Township levies 2.0000 mills to support the Fire District. The following financial information was taken from the Fire Districts February 28, 2002, audited financial statements:

Total Assets	\$ 619,334
Investment in Fixed Assets	578,972
Fund Balance - Unreserved	40,362
Total Receipts	112,628
Total Disbursements	212,006
Loan Proceeds	30,000
Net Increase (Decrease) in Fund Balance	(69,378)

A copy of these audited financial statements may be obtained upon request from the Fire District treasurer.

**IV. OTHER INFORMATION**

**A. Retirement Plan**

Effective April 1, 1991, the Township established a Simplified Employee Pension - Individual Retirement Account (SEP-IRA). The plan is with Citizens Bank, Cadillac, Michigan. The plan covers all employees who receive \$300 or more of compensation from the Township. To be eligible for plan coverage, each employee must be at least 18 years of age.

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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

Contributions to the plan are based on annual compensation and are payable annually. For the 2003-2004 year, covered compensation was \$17,588, and the total of all wages including noncovered wages was \$20,194. The Township's total contributions to the plan during the 2003-2004 fiscal year were \$1,259.

The individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which are includible as part of the Township reporting entity.

**B. Property Taxes**

The Township levied 0.9641 mills for general operating purposes on a taxable value of \$8,449,870. In addition, the Township levied 2.0000 mills for fire protection.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14, with a final collection date of February 28, before they are added to the County tax rolls. Property taxes levied December 1, which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied. Also, the Township has elected to collect summer taxes for state education tax.

**C. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,798	\$ 0

**D. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial Accounts	\$ 41,252
Certificates of Deposit	39,916
Taxes Receivable	<u>3,644</u>
TOTAL ASSETS	<u>\$ 84,812</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 3,644
Payroll Withholdings Payable	<u>90</u>
Total Liabilities	\$ 3,734

EQUITY

Balance	
Unreserved	<u>81,078</u>

TOTAL LIABILITIES AND EQUITY	<u>\$ 84,812</u>
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DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 22,000	\$ 10,867	\$ (11,133)
State Grants	18,000	23,984	5,984
Charges for Services	100	700	600
Interest and Rents	330	2,388	2,058
Total Receipts	\$ 40,430	\$ 37,939	\$ (2,491)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 13,850	\$ 5,994	\$ 7,856
General Government			
Supervisor	5,000	4,000	1,000
Election	1,500	1,077	423
Assessor	4,000	3,742	258
Clerk	5,000	4,113	887
Board of Review	1,200	357	843
Treasurer	5,000	4,432	568
Building and Grounds	4,500	1,317	3,183
Cemetery	6,000	1,566	4,434
Public Safety	800	789	11
Public Works	2,000	1,718	282
Parks and Recreation	5,000	1,794	3,206
Other Functions	6,850	5,280	1,570
Contingency	40,730	0	40,730
Total Disbursements	\$ 101,430	\$ 36,179	\$ 65,251
Excess of Receipts Over (Under) Disbursements	\$ (61,000)	\$ 1,760	\$ 62,760
<u>BALANCE - April 1, 2003</u>	61,000	79,318	18,318
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 81,078	\$ 81,078

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$	4,520
Delinquent Property Taxes		3,170
National Forest Reserve		2,033
Penalties and Interest		14
Tax Collection Fees - Summer Taxes		<u>1,130</u>

Total Taxes	\$	10,867
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		23,984

CHARGES FOR SERVICES

Burial Fees		700
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INTEREST AND RENTS

Interest Earnings	\$	1,798
Rent		<u>590</u>

Total Interest and Rents		<u>2,388</u>
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TOTAL CASH RECEIPTS	\$	<u><u>37,939</u></u>
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DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$	1,320
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Supplies

Office Supplies		2,521
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Other Services and Charges

Contracted Services		1,468
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Dues and Fees		185
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Miscellaneous		500
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Total Legislative

	\$	5,994
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GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$	4,000
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Elections

Personal Services

Salaries and Wages		1,077
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Assessor

Personal Services

Salaries and Wages		3,742
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Clerk

Personal Services

Salaries and Wages	\$	4,000
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Other Services and Charges

Travel		113
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Total Clerk

		4,113
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Board of Review

Personal Services

Salaries and Wages		357
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DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS - CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer

Personal Services

Salaries and Wages \$ 4,360

Other Services and Charges

Travel 72

Total Treasurer 4,432

Building and Grounds

Personal Services

Salaries and Wages \$ 550

Other Services and Charges

Public Utilities 767

Total Buildings and Grounds 1,317

Cemetery

Supplies

Operating Supplies \$ 116

Other Services and Charges

Contracted Services 1,450

Total Cemetery 1,566

Total General Government 20,604

PUBLIC SAFETY

Fire

Personal Services

Salaries and Wages 789

PUBLIC WORKS

Highways, Streets and Bridges

Other Services and Charges

Repairs and Maintenance 1,718

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS - CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2004

PARKS AND RECREATION

Capital Outlay

Land and Land Improvements

1,794

OTHER FUNCTIONS

Insurance and Bonds

\$ 3,090

Employee Benefits

Pension Contribution

\$ 1,259

Medicare and Social Security

181

Workers Compensation

750

Total Employee Benefits

2,190

Total Other Functions

5,280

TOTAL CASH DISBURSEMENTS

\$ 36,179



DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

\$ 0

BALANCE

\$ 0

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

FIRE FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 19,000	\$ 16,379	\$ (2,621)
<u>DISBURSEMENTS</u>			
Public Safety			
Aid to Other Government			
Tustin Area Fire District	19,000	16,379	2,621
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 0	\$ 0
<u>BALANCE</u> - April 1, 2003	0	0	0
<u>BALANCE</u> - March 31, 2004	\$ 0	\$ 0	\$ 0

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash		
Commercial Account		\$ <u>7</u>

EQUITY

Balance		
Unreserved		\$ <u>7</u>

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 276,685	
Delinquent Tax Collections	304	
Overcollections from Taxpayers	422	
Penalties and Interest	14	
	<hr/>	
Total Receipts		\$ 277,425

DISBURSEMENTS

Payments to County Treasurer			
Current Tax			
County Taxes	\$ 82,184		
State Education Tax	39,867		
Delinquent Tax Collections	167	\$ 122,218	
	<hr/>		
Payments to Township Treasurer			
Current Tax			
Operating	\$ 6,966		
Fire Department	13,934		
Delinquent Tax Collections	46		
Penalties and Interest	14	20,960	
	<hr/>		
Payments to School Treasurer			
Current Tax	\$ 90,367		
Delinquent Tax Collections	34	90,401	
	<hr/>		
Payments to Intermediate School Treasurer			
Current Tax	\$ 43,367		
Delinquent Tax Collections	57	43,424	
	<hr/>		
Repayment of Overcollections		417	277,420
		<hr/>	
Excess of Receipts Over (Under) Disbursements			\$ 5

BALANCE - April 1, 2003 

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2

BALANCE - March 31, 2004 \$ 

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7

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Land Improvements	\$ 12,002	\$ 1,794	\$ 0	\$ 13,796
Buildings and Improvements	29,727	0	0	29,727
Furniture and Fixtures	4,333	0	0	4,333
	<u>\$ 46,062</u>	<u>\$ 1,794</u>	<u>\$ 0</u>	<u>\$ 47,856</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 46,062</u>	<u>\$ 1,794</u>	<u>\$ 0</u>	<u>\$ 47,856</u>

DOVER TOWNSHIP, LAKE COUNTY  
LUTHER, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County			
County Taxes	\$	96,166	
State Education Tax		42,287	
Township			
Operating		8,152	
Fire		16,393	
School			
Pine River Area Schools		101,485	
Intermediate School			
Wexford-Missaukee		<u>50,746</u>	\$ 315,229

TAXES COLLECTED

County			
County Taxes	\$	82,184	
State Education Tax		39,867	
Township			
Operating		6,966	
Fire		13,934	
School			
Pine River Area Schools		90,367	
Intermediate School			
Wexford-Missaukee		<u>43,367</u>	<u>276,685</u>

TAXES RETURNED DELINQUENT

County			
County Taxes	\$	13,983	
State Education Tax		2,420	
Township			
Operating		1,185	
Fire		2,459	
School			
Pine River Area Schools		11,118	
Intermediate School			
Wexford-Missaukee		<u>7,379</u>	\$ <u><u>38,544</u></u>

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JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

*Baird, Cotter and Bishop, P.C.*

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MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 10, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Dover Township  
Lake County  
Luther, Michigan

During the course of our audit of the general-purpose financial statements of Dover Township for the year ended March 31, 2004, we noted the following:

GASB 34

The Governmental Accounting Standards Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB 34 on its financial statements when the implementation date of March 31, 2005, comes closer.

Reconciliations of Clerk and Treasurer Ledgers

We recommend that the Treasurer and Clerk reconcile their receipts and expenditures to each others records on a monthly basis. This will facilitate a continuous balancing of records and help strengthen internal controls.

Fire Tax Levy

The fire tax levy for 2003 was wrong. The Township has identified the cause of the problem and plans to correct the problem in 2004. We recommend that the Township analytically review the expected results of future levies to the totals that are used to print the tax notices from. By doing this the Township can verify that what will be levied is correct.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

*Baird, Cotter & Bishop, P.C.*

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CERTIFIED PUBLIC ACCOUNTANTS

May 10, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Dover Township  
Lake County  
Luther, Michigan

In planning and performing our audit of the general-purpose financial statements of Dover Township, Lake County, Luther, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.



This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

Baird, Cotter & Bishop, P.C.

BAIRD, COTTER AND BISHOP, P. C.